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From: Ducote Rush USSG
Sent: Tuesday, December 07, 2004 11:17 AM
To: Camp Alan USGR; Taylordean Gayle USGR
Cc: Martin Duane USGR; Knight Frank USGR; Maurer Willy CHBS; Broussard Phoebe USSG
Subject: RE: BASF - Atrazine Pricing

As Alan states, chlorine is one to one from a raw material point of view. However, I would suggest that the chlorine cost per pound affect the Atrazine cost by the same quantity per pound rather than %. In other words, if Chlorine cost increase/decrease by \$100/ tonne, Triazine cost would increase/decrease by \$100/ tonne.

Gayle, you had an analysis of natural gas cost effect on Atrazine. Do you recall?

Did it include electricity? Effect on Amines and NH3?

Total electricity cost/ kg of Atrazine would be about \$0.09/kg which includes utilities, maintenance and effluent.

The largest part of direct effect from natural gas comes in the raw materials and would be about \$0.11/kg @ \$6.20/mscf delivered.

Summary;

A 10% change in electricity cost would result in a ~ 1% change in Triazine cost.

A 10% change in natural gas cost would result in a ~ 1% change in raw material cost of natural gas for Triazines, and about 0.5% change in cost of other utilities, for a total of 1.5%.

Gayle to provide additions information on NH3 and amines

Rush

-----Original Message-----

From: Camp Alan USGR
Sent: Tuesday, December 07, 2004 8:59 AM
To: Ducote Rush USSG; Taylordean Gayle USGR
Cc: Martin Duane USGR; Knight Frank USGR; Maurer Willy CHBS
Subject: BASF - Atrazine Pricing
Importance: High

Tomorrow morning, BASF will be in Basel to negotiatwe global contracts for dicamba and atrazine. Willy, Duane, and Frank want to ensure we tiethe pricing to raw materials so we can recover any cost increases associated with key raw materials. The first suggestion is chlorine and natural gas. I suggested we should probably tie it to oilas well since most coomdity raw materials are tied to oil as well.

By the end of the day, can you give Willy an idea of how much of the cost is tied to chlorine, natural gas, and oil on a percentage basis, e.g. 1 lb chlorine per pound of triazine ----> if chlorine goes up 25%, atrazine goes up 5%. He needs "good guesses" for tomorrow morning's discussions.

Rush and Gayle, please provide as much as possible by end of the day. Sorry for the short notice, and thanks for the help.

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